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**TESTIMONY of D. FRED ALLEN  
SHOALS SEWER COMPANY  
SCPSC DOCKET # 2002-341-S**

**Q. Please state your name, address, and occupation for the commission.**

A. My name is D. Fred Allen and I reside at 99 Harbor Drive in Anderson, S.C., 29625. I am semi-retired and a licensed builder and developer in South Carolina.

**Q. By whom are you employed and in what capacity ?**

A. I am president of Shoals of Anderson, Inc. and Shoals Sewer Company in Anderson County.

**Q. What is your association with the Shoals Sewer Company ?**

A. I am the owner, president, and administrator.

**Q. How long have you been affiliated with the Shoals Sewer Company ?**

A. Since I aquired the Shoals Sewer Company in June of 1984.

**Q. To whom does the Shoals Sewer Company provide service ?**

A. The Shoals Sewer Company provides sewer service to 36 customers in Anchor Point H.P.R., and 68 customers in The Shoals Subdivision in Anderson County.

**Q. Why are you asking for a rate increase ?**

A. The Shoals Sewer rates have not increased since November of 1996, but the cost of operation and maintenance has increased greatly. DHEC's requirements have increased, sludge removal cost has increased 80 - 100%, DHEC's permit fee has increased 265%, the Corp. of Eng.'s easement fee has increased 300%, the operator's cost has increased 11%, laboratory cost has increased 44% to name a few.

The plant is ageing and requires more maintenance and repairs. The Shoals Sewer Company has been unable to collect on its Judgement against Anchor Point for back fees of approximately \$65,000, and has not been able to retire any of its debt to Shoals of Anderson, Inc.

Even with the requested rate increase the operating margin will only be 9.8%, and surely operating cost are going to continue to rise. And a small system cannot be operated as efficiently as a large one since many of the cost are fixed, regardless of the size of the plant.

In summary, the Shoals Sewer Company cannot continue to operate with a negative operating margin and will have to cease to operate without this rate increase.

**Q. How does the requested rate increase affect the operation of the Shoals Sewer Co. ?**

A. In this application, the Shoals Sewer Company is asking for a rate increase from \$25.00/mo.

To \$35.00/mo.. With its 105 customers the new rate will provide an operating margin of 9.8% if operating cost do not increase.

**Q. Did you prepare this rate case ?**

**A. Yes.**

**Q. Does this conclude your testimony ?**

**A. Yes.**